




Australian Government

**Department of Infrastructure, Transport,
Regional Development and Communications**

IQ21-000004

SUBJECT: Bonuses, gifts and executive remuneration

Senator Kitching asked the Department of Infrastructure, Transport, Regional Development and Communications the following questions on 05/05/2021.

<p>Cleared for tabling by:</p> <p>Name:</p> <p>Position:</p> <p>Contact No.</p> <p>Contact Officer:</p> <p>Contact No:</p> <p>...../...../2020</p>	<p>Minister's Office/ comments:</p> <p></p> <p>Chief of Staff</p> <p>...../...../2020</p>
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Senate Standing Committees on the Environment and Communications

ANSWERS TO INQUIRY QUESTIONS ON NOTICE

**Department of Infrastructure, Transport, Regional Development and Communications and
NBN Co**

TBA

Division: Communications Infrastructure

Inquiry Name: Australia Post Inquiry

Inquiry Date: April 2021

Topic: Various

Question Type: Written, 05/05/2021

Senator Kitching asked:

1. Between 22 October 2020 and 30 April 2021, has the Minister (or the Minister's office) initiated communication with NBN in relation to bonuses?
2. Between 22 October 2020 and 30 April 2021, has the Minister (or the Minister's office) initiated communication with NBN in relation to gifts?
3. Between 22 October 2020 and 30 April 2021, has the Minister (or the Minister's office) initiated communication with NBN in relation to executive remuneration?
4. Between 22 October 2020 and 30 April 2021, has the Department initiated communication with NBN in relation to bonuses?
5. Between 22 October 2020 and 30 April 2021, has the Department initiated communication with NBN in relation to gifts?
6. Between 22 October 2020 and 30 April 2021, has the Department initiated communication with NBN in relation to executive remuneration?
7. Since 22 October 2020, has the Minister (or the Minister's office) requested or reviewed the terms of NBN executive's remuneration?
8. Since 22 October 2020, has the Department requested or reviewed the terms of NBN executive's remuneration?
9. With reference to Senate question on notice number 1888, on what date did Australia Post first provide a draft response to the Department?
10. Since 1 January 2018, can a breakdown be provided of all non-monetary rewards and gifts purchased and allocated by NBN to employees.
11. Since 1 January 2018, can a breakdown be provided of all non-monetary rewards and gifts purchased and allocated by NBN to contractors.
12. Senate question on notice number 2386 revealed that \$43,396,976 in short term incentive bonuses were paid to employees of NBN in the period 1 July 2018 to 30 June 2019. Could a breakdown be provided of the \$43,396,976 paid to employees across each of the salary bands in the table below:

Salary band	Total bonuses paid	Number of employees in salary band
\$0 – \$100,000		
\$100,001-\$200,000		
\$200,001-\$300,000		
\$300,001-\$400,000		
\$400,001-\$500,000		
\$500,001-\$600,000		
\$600,001+		
\$43,396,976		

13. Senate question on notice number 2386 revealed that \$77,596,062 in short term incentive bonuses were paid to employees of NBN in the period 1 July 2020 to 1 December 2020. Could a breakdown be provided of the \$77,596,062 paid to employees across each of the salary bands in the table below:

Salary band	Total bonuses paid	Number of employees in salary band
\$0 – \$100,000		
\$100,001-\$200,000		
\$200,001-\$300,000		
\$300,001-\$400,000		
\$400,001-\$500,000		
\$500,001-\$600,000		
\$600,001+		
\$77,596,062		

Answer:

1-8.

The Communications Minister and the Finance Minister are shareholders in NBN Co. The Department provides advice to the Communications Minister to assist him in his role of jointly exercising strategic control of NBN Co consistent with accountability to the Parliament and the public.

The Shareholder Ministers carry out their duty by ensuring NBN Co delivers on the Government's objectives for NBN Co that are established by legislation and through the Statement of Expectations. These expectations include the efficient, effective and ethical use of resources, including for remuneration.

The Department wrote to NBN Co (and other entities within its portfolio) in October 2019 informing them of a new APSC policy on gifts and benefits which would take effect on 18 October 2020. NBN Co's gifts and benefits policy is available publicly at www.nbnco.com.au/corporate-information/about-nbn-co/governance/risk-management/gifts-and-registry.

Noting that the company is at a time of transition from completing the build to a fully operational phase, Shareholder Ministers wrote to NBN Co in September 2020 requesting the company review its incentive scheme to ensure it is appropriate for the next phase of the company's operations.

Given the impact of the COVID 19 pandemic on the Australian economy, more broadly the Finance Minister wrote to all Government Business Enterprises (GBEs) asking them to consider the new wages policy announced by the Assistant Minister to the Prime Minister, Ben Morton on 13 November 2020.

The Department wrote to NBN Co (and other entities within its portfolio) in mid December 2020 to reinforce expectations of compliance with relevant remuneration requirements, including the remuneration reporting requirements of the Public Governance, Performance and Accountability Rule 2014, in relation to GBEs.

The Minister's Office has contacted NBN Co in the stated timeframe via phone to discuss remuneration. For more information please see the response to Additional Estimates 2021 Question on Notice number 90.

9.

Australia Post's response to Parliamentary Question on Notice number 1888 was first provided to the Department on 2 October 2020.

10.

NBN Co's Travel and Expenses Policy is outlined in 2020-21 Additional Estimates Question on Notice 86. As NBN Co has detailed in previous hearings, the company's accounting systems are not designed to report the contents of individual line items so such a search would be a manual task. NBN Co advises it is able to report on total category expenses. For details on NBN Co's travel and expenses spend, from 2017-18 to February 2020-21, please refer to Senate Question on Notice – Question No. 3240.

11.

Please refer to Question number 10.

12.

Since 2020-21, the NBN Co Board has administered a short-term incentive (STI) program wherein a component of employee remuneration is linked directly to Company and individual performance during the financial year. Eligible employees have a fixed component to their total remuneration and an 'at risk' component, which may or may not be awarded. As the table below demonstrates, the NBN Co Board withholds a portion of the vast majority of NBN Co's employees' total potential remuneration and only makes this portion available if certain thresholds are met.

<i>Salary band</i>	<i>Total at-risk component of salaries paid</i>	<i>Number of employees in salary band</i>
\$0 – \$100,000	\$882,487	216
\$100,001-\$200,000	\$21,159,552	3,013
\$200,001-\$300,000	\$10,950,284	613
\$300,001-\$400,000	\$4,346,847	103
\$400,001-\$500,000	\$2,210,824	20
\$500,001-\$600,000	\$631,054	4
\$600,001+	\$3,215,928	12
Total	\$43,396,976	3,981

Notes:

- The data is for at risk pay component paid in the 2018-19 financial year (i.e. in the period 1 July 2018 – 30 June 2019) and deferred at risk pay component from the 2015-16 financial year that vested for payment in the period 1 July 2018 to 30 June 2019.
- Details the number of employees in salary band who received an at risk pay component

13.

Since 2010-11, the NBN Co Board has administered a short-term incentive (STI) program wherein a component of employee remuneration is linked directly to Company and individual performance during the financial year. Eligible employees have a fixed component to their total remuneration and an 'at risk' component, which may or may not be awarded. As the table below demonstrates, the NBN Co Board withholds a portion of the vast majority of NBN Co's employees' total potential remuneration and only makes this portion available if certain thresholds are met. In 2020-21, the median amount of at-risk remuneration released to employees was approximately \$14,000.

<i>Salary band</i>	<i>Total at-risk component of salaries paid</i>	<i>Number of employees in salary band</i>
\$0 – \$100,000	\$1,353,941	179
\$100,001-\$200,000	\$37,691,683	2,865
\$200,001-\$300,000	\$22,475,176	635
\$300,001-\$400,000	\$8,266,145	106
\$400,001-\$500,000	\$3,059,546	20
\$500,001-\$600,000	\$1,221,664	6
\$600,001+	\$3,527,907	8
Total	\$77,596,062	3,819

Notes:

- The data is for at risk pay component paid in the period 1 July 2020 – 1 December 2020 and deferred at risk pay component from the 2017-18 financial year that vested for payment in the period 1 July 2020 – 1 December 2020.
- Details the number of employees in salary band who received an at risk pay component.